

#2

DATE: August 21<sup>st</sup>, 2011

TO: Planning Commissioners Irving, Topping, Christianson, Murphy and O'Grady  
RE: FILE NO. LRP2009-00005, Proposed Amendments to Coastal Zone Land Use  
Ordinance Section 23.08.165- Residential Vacation Rentals. Hearing Date: August 25<sup>th</sup>, 2011  
FROM: Richard L. Watkins

As the third Planning Commission hearing regarding amendments to the Vacation Rental Ordinance approaches, there are a few remaining issues worthy of consideration.

> Oceanfront properties in Cayucos should be granted an exemption from the density standards in Section 1 c. (1) Location. These oceanfront houses have no beach side neighbors, experience high ambient noise from surf and exuberant public beach activity. They also front streets with significant traffic count and few are occupied by full time residents. Many oceanfront houses were grandfathered as vacation rentals, but when the older structures are expensively remodeled or replaced with new construction, they are seldom vacation rented again. This creates another source of attrition, within the most productive sector of visitor serving lodging in the County. An exemption from the density standards is unlikely to result in numerous new vacation rentals in Cayucos. Setting aside existing active rentals, houses with unused licenses, substandard houses, houses used extensively for family vacations and full time residents, the demand for additional vacation rental licenses is not likely to be high. Importantly, oceanfront rentals show strong occupancy year round producing impressive TOT/BID figures while providing a singular experience for vacationers who tend to contribute heavily to the local economy. Even a few additional oceanfront vacation rentals would account for far more visitor serving occupancy than a substantial number of vacation rentals in less prime locations.

*Note: Oceanfront houses in Cambria share the ambient surf sound, but differ from Cayucos oceanfronts in most other respects, suggesting that modification of Cambria's oceanfront density standards might pose problems in excess of benefits.*

> Condominium and Planned Development projects in residential zoning categories of Cayucos deserve consideration for special treatment regarding the density standards in Section 1 c. (1) Location. Avila feels a 50 ft measure from the wall of individual condominium/PD units is fair, but Cayucos has a more complex situation with condos in commercial zoning not subject to density standards and oceanfront condos in which a majority of units are grandfathered as vacation rentals. Home Owners Associations have the ability to ban vacation rentals altogether or set standards that are more restrictive than those contained in the vacation rental ordinance. Why not simply allow the HOAs to regulate their individual common interest developments by creating standards fitting the needs of the owners. If an HOA Board votes to allow all the units to have the option of becoming vacation rentals, that decision should prevail. There are no winners when the County attempts to micro manage HOAs.

> A different means of measuring density standards in Section 1 c. (1) Location is needed for large parcels in both Los Osos and Cambria. Houses on contiguous parcels can be located well over 200 feet apart. For example, where at least one of the parcels in question exceeds a half acre, the distance between house footprints, not property lines, should be used in performing density measurements.

> The staff report item "Existing Residential Vacation Rentals (permitted) describes a situation in which a house that is licensed, but not used as a rental, could lose its eligibility for a license, decreasing the number of potential future vacation rentals. Licensed vacation rentals, unused as such at present, could